

Apple Oil

West Haven, CT

HOD# 374

March 4, 2013

Co-Chair John W. Fonfara
Co-Chair Patricia M. Widlitz
Senator Scott L. Frantz
Representative Sean J. Williams

Finance, Revenue and Bonding Committee:

My name is Sharon Peterson, I work at my family business located in West Haven. Apple Oil has been in business for 30 years, we sell home heating oil in New Haven and Fairfield County. I am also the Chair of the Connecticut Energy Marketers Association (formerly ICPA) Board of Directors.

I am here today to testify on **section 18 of S.B. 843, AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE GOVERNOR'S BUDGET.**

When we first heard that Governor Malloy wanted to create an energy plan that is "cleaner, cheaper and more reliable" our membership was excited.

Cleaner - with the advent of Bioheat and ultra low sulfur heating oil we have the cleanest fossil fuel on the planet. Even cleaner than natural gas!

Cheaper - for most of the last three decades heating oil has been the lowest cost way to heat homes and businesses, and now we are working with the CFTC to implement rules to reign in speculation so we can reduce the cost of oil in the future.

More reliable – heating oil is the most reliable fuel in Connecticut. Oil dealers throughout the state recently had to deliver oil to interruptible natural gas users throughout the state including the UCONN Medical Center and Yale University. We are the supplier of last resort when natural gas pressure is low and or the price spikes.

When we learned that Governor wanted an energy policy that is cleaner, cheaper and more reliable, we thought that we would fit right into his plan. Unfortunately, we found out that the Comprehensive Energy Strategies (CES) goal was to move 300,000 oilheat customers to natural gas, we were disappointed to say the least.

Section 18 of S.B. 843 seems to be an attempt to begin the process of achieving that goal, at the expense of hundreds of mom and pop heating oil dealers. It is difficult to understand why natural gas utilities need state tax dollars to provide incentives to our customers to convert. This year alone, NU/NSTAR has issued millions of dollars in stock options to their Board of Directors and returned millions more in the form of dividends to their shareholders. Why do they need a \$5 million tax credit from the State of Connecticut against their gross earnings tax payments?

We all have the goal of reducing how much energy costs our customers, and our industry is proud that we have reduced the average homeowners consumption of heating oil from approximately 1,300 gallons to 800 gallons since 1973. No other fuel can make such a claim.

Since no one can predict future energy prices, fuel switching is no guarantee of any savings. Beyond today, no one can tell you what the price of energy will be, and if they tell you they know, be very skeptical.

If we can't guarantee savings on the cost of energy by switching fuels, the only option is to use less fuel. **Conservation, not conversion** is the only proven way to spend less to heat your home.

I ask that you remove the funding language in section 18 that would go to gas conversions and allow for a level playing field. If you want to assist consumers in reducing their energy costs, then I ask that you amend the language in section 18 of S.B. 843 to allow for fuel neutral energy efficiency upgrades to heating systems.

I would be happy to answer any questions you may have at this time.

Thank you.

Respectfully,

Sharon Peterson